



May 2015 Newsletter

Election special. Nearly over.

Book of the month

Well, it could be, but it looks a bit intense. "The Three Rules: How Exceptional Companies Think" by Mumtaz Ahmed and Michael Raynor.

The 3 rules are simplicity itself:

1. Better before cheaper: Don't compete on price, compete on value.
2. Revenue before costs: Don't drive profits by cutting costs. Instead, find ways to earn higher prices on higher volume.
3. There are no other rules: View all other choices through the lens of the first 2 rules

This is what the Boyscout has been saying for years.

The authors also conclude that, no matter how good the business, it will eventually disappear. Nothing lasts forever.

www.thethreerules.com



Search inside yourself

Back in the good old days, before the Dotcom crash, I used to be able to bring a daft American idea to every Newsletter. Then the world got serious and I ran long articles on tax (and abuse of power). Light relief at last:

<http://siyli.org/whysiy/>

This is basically mindfulness applied to business: "navigating our opportunities and challenges with more resilience, more engagement, and more happiness."

I'll have some of that.



Why a dutiful spouse can boost your career

Yes, the nerds at HBR have correlated the big 5 personality traits (agreeableness/conscientiousness/extroversion/neuroticism/openness) of spouses against career progress and found that only conscientiousness actually makes a difference. The best guess is that the worker gets to focus on career if the spouse is "dutiful". From personal experience, I can confirm that the wrong spouse makes everything harder. For the avoidance of doubt, I'm referring to the first one.

The answer is 35% (+?-1%)

The question; "What has been the average rate of tax as a percentage of GDP (since 1964)?"

And that has been true, no matter what shade of politics has prevailed, or indeed how high the marginal rate of income tax has been. As tax rates go up, GDP falls and vice versa.

<http://www.capx.co/its-unlikely-that-miliband-and-balls-will-get-more-tax-out-of-us-brits-however-hard-they-try/>

The more interesting (and less political) observation is that while 35% works for the UK, other nations have different answers.

34% for the US v 55% for Norway, for example. Apparently, the 2 cultural characteristics which count for this purpose are:

- Inclination to get things done (rather than worry about quality of life etc)
- Avoidance of uncertainty

In other words, a country's culture will drive its behavioural reaction to changes in tax rates. Clearly culture changes very slowly and the inclination (or otherwise) to pay tax is deeply ingrained. The UK figures also suggest that 35% is relatively high for our more entrepreneurial attitude. This probably amounts to no more than the usual analysis about geese and golden eggs, but at least our goose isn't French.



Delegation is dead

This is a copy & paste from Planet K2:
"We're pleased to announce that delegation is dead, at least in high performing teams. Ordinary teams, with their hierarchical structures are often still indulging in delegation, immediately preceded by thoughts along the lines of:

"I'm overloaded, what can I get off my plate and give to someone else..."

"I've got too much to do myself so I'll get so and so to do it..."

"It's not important and urgent for me so I need to find someone else who can do it..."

Someone else (let's call her Susie) might be willing to do it, but that doesn't mean it's good for her performance or her motivation. Frequently, Susie doesn't see it as her job, but just "another thing to do". Too often in

these teams, delegation is a knee-jerk decision made in a hurry that doesn't take into account the strengths of the team members or their bandwidth.

We think it's often a function of organisations where the overriding perspective of performance is that it's all about the individual. Most organisations make an attempt to drive performance through well-meaning (though often deeply flawed) processes that focus on individual objectives, individual performance reviews and individual reward & recognition schemes. Much less often do organisations invest anything like enough effort in setting up teams and team performance. That seems a bit bonkers to us as those same organisations

excitedly agree that most results are delivered through teams.

So If you're having lots of thoughts or conversations about delegation then just maybe you've not invested the time to set your team up right."

<http://planetk2.com/blog/>

Don't panic

Whenever anything (business or life in general) seems to be under control, you know for sure that something is about to throw you off track. Busy-ness comes in waves. The surge in pressure can lead to silly mistakes and a general feeling of being out of control. The answer is always to focus on consistency. To use a football analogy (this came from the Sage of Bishopswood, that well known Derby County fan) don't chase around after the ball like a bunch of school kids. Hold your position and stick to the plan:

<http://www.thepositiveapproach.global/c-building-team-balances-consistency-creativity/>

And, from a different direction:

<http://www.thepositiveapproach.global/awareness-application-achievement/>

Pink or blue

Whilst I probably need to avoid political comment, it is interesting to note that there is practically nothing to choose between the policies of the (main) political parties. However, there is usually rather more at stake when it comes to implementation. Pensions are a good example. The essential problem is that everybody needs to save more (due to demographics), and forcing people to do so is sure to be unpopular. So, the previous Government limbered up the auto-enrolment process and the Coalition has overseen the start phase. Contributions of 8% of earnings are going to become the norm in the next 5 years+, but we're still well short of the 15% that is needed. Guess where the extra 7% is going to come from?

Professional conduct in relation to taxation (as perceived by Whiplash)

This has been updated.
I've read this (really). 52 pages entitled PCIRT 2015.
Most of it is common sense; some of it's a bit anal.
No materiality in tax, but we know that.

Disclaimer

Sweat is fat crying.

or

I've relented from the last edition.

Put-down of the month:

"You'd need 3 promotions to reach plonker."

As translated from the American.





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